2007-03066/

Ottawa, August 31, 2006
2006-042

Canada's New Government Continues to Deliver on Its Tax Relief Plan

Related Document

- Legislative Proposals and Explanatory Notes to Implement Remaining Budget 2006 Income Tax Measures

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The Honourable Jim Flaherty, Minister of Finance, today announced that Canada's new Government is keeping its promise to Canadians by delivering on its Tax Relief Plan. The measures below are part of the Government's plan to deliver over $20 billion in tax cuts over the next two years, which is more than the last four budgets of the previous government combined.

These measures were part of the income tax measures that were proposed in Budget 2006 but not included in the Budget Implementation Act, 2006, which received Royal Assent on June 22, 2006.

These measures are:

- The new Canada Employment Credit.
- The new Textbook Tax Credit.
- The new tax credit for public transit passes.
- The new deduction for tradespeople's tool expenses.
- A complete exemption for scholarship income received in connection with enrolment at an institution which qualifies the student for the education tax credit.
- A doubling, to $2,000 from $1,000, of the amount on which the pension income credit is calculated.
- An extension of the $500,000 lifetime capital gains exemption, and various intergenerational rollovers, to fishers.
- The new Apprenticeship Job Creation Tax Credit.
- A reduction of the current 12 per cent small business tax rate to 11.5 per cent for 2008 and to 11 per cent thereafter.
- An increase, to $400,000 from $300,000, of the amount that a small business can earn at the small business tax rate, effective January 1, 2007.
- A reduction of the minimum tax on financial institutions.

The legislative proposals are being released in draft form so that taxpayers have an opportunity to consider and comment on them before they are introduced in Parliament. To facilitate this review, detailed explanatory notes

relating to the proposals are also being released.

As the panel of health and physical fitness experts appointed by the Minister of Finance to advise on the Children's Fitness Tax Credit has not yet had an opportunity to report its recommendations, the legislative proposals released today do not include provisions to implement this credit. These measures will be incorporated in the legislative package to be tabled in Parliament.

Comments on the proposals are requested by September 22, 2006. Once the comment period is concluded, the Government will work towards introducing these measures in Parliament at the earliest opportunity.

The legislative proposals and explanatory notes released today are available free of charge on the Department of Finance website. Printed copies are available for $13 from the Department of Finance Distribution Centre at 613-995-2855.

Further information on Budget 2006, which was tabled on May 2, 2006, is available on the Department of Finance website.

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